

Villas Orchid LLP

To,
The Superintendent of Central Tax,
Ramgopalpet-IV Range,
Secunderabad – 500003.

Date: 07-11-2025

Subject: Reply to Notice O.C. No. 84/2025 dated 30.10.2025 – Submission regarding payment of penalty – reg.

Respected Madam,

1. With reference to the above-cited notice requiring payment of penalty in respect of Order-in-Original No. 25/2024-25 dated 19.04.2024, as modified by Order-in-Appeal No. HYD-GST-SC-AP2-1060-2024-25 dated 25.03.2025, the Noticee respectfully submits as under:
2. As per Order-in-Original No. 25/2024-25 dated 19.04.2024, the adjudicating authority confirmed the following demands:

ORDER

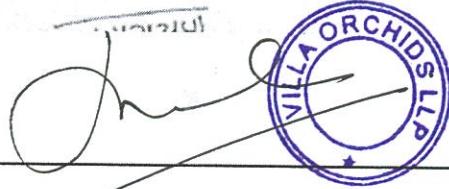
(i) I confirm the demand of Rs.1,03,856/- (CGST: Rs.51,928/- & SGST: Rs.51,928/- (Rupees One Lakh Three Thousand Eight Hundred and Fifty Six only), as discussed supra in Para 8.2 under section 73(9) of the CGST Act, 2017/TSGST Act, 2017;

(ii) I drop the proceedings initiated in the show cause notice in respect of Issue-2: The excess input tax credit (ITC) claimed on account of non-reconciliation of information in view of the discussions and findings under para 9 above;

(iii) I confirm the demand of Rs.12,404/- (CGST: Rs.6,202/- & SGST: Rs.6,202/- (Rupees Twelve Thousand Four Hundred and Four only) in respect of ISSUE-3, as discussed supra in Para 10.1 to 10.3 under section 73(9) of the CGST Act, 2017/TSGST Act, 2017;

(iv) I confirm the demand of interest at the applicable rate on tax confirmed at (i) & (iii) above under Section 50 of CGST Act, 2017 read with Section 20 of IGST Act and similar provisions under TGST Act, 2017.

(v) I confirm the demand penalty from them on the tax confirmed at (i) & (iii) above, under Section 73(9) of CGST Act, 2017 read with Section 122(2)(a) of CGST Act, 2017 and Section 20 of IGST Act, 2017 and similar provisions under TGST Act, 2017



3. Thus, the Order-in-Original confirmed the total demand as follows:

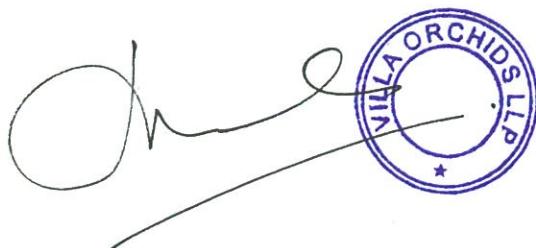
- Tax: ₹1,16,260/- (CGST ₹58,130/- + SGST ₹58,130/-)
- Interest: As applicable
- Penalty: ₹20,000/- (CGST ₹10,000/- + SGST ₹10,000/-)

4. Subsequently, the above order was appealed before the Additional Commissioner (Appeals-II), Hyderabad. The Order-in-Appeal No. HYD-GST-SC-AP2-1060-2024-25 dated 25.03.2025 recorded the following:

7. The issues to be decided are whether - (i) There is Under declaration of output tax of Rs. 1,03,856/- on reconciliation of data in GSTR-09 – The contention of the appellant is that they have identified at the time of filing GSTR-09 return of FY 2018-19 and paid the same through DRC-03 dt.31.12.2020. On verification copy of DRC-03s the appellants have paid the disputed tax, and paid interest on the tax paid through cash. The tax paid is appropriated towards the disputed tax demand and interest paid is also appropriated towards the interest demand. However, they are liable to pay penalty of Rs.20,000/- (CGST Rs.10,000/- & SGST Rs.10,000/-) u/s.73(11) r/w. Sec.122(2)(a) of CGST/SGST Act, 2017. The decision of the OAA on this issue is modified to this extent.

(ii) Whether there is Under declaration of ineligible ITC of Rs.12,404/- on reconciliation of data in GSTR-09 – On verification of the SCN and impugned order, it is noticed that the appellants availed ITC on motor vehicle and insurance pertaining to motor vehicle. As per Sec.16(1) *"Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person."*. It is not proved by the appellant for which purpose the vehicle is procured. ITC is allowed only on the goods used for in the course or furtherance of his business. Hence, the appellants are not eligible to avail the disputed ITC. Hence, the decision of the OAA on this issue is upheld.

5. Hence, the Order-in-Appeal modified the original order to the limited extent of retaining only the penalty of ₹20,000/- along with interest on ineligible ITC. The Noticee submits that the entire confirmed liability including tax, interest, and penalty has already been discharged through DRC-03 challans as detailed below:



A handwritten signature is placed over a circular blue stamp. The stamp contains the text "VILLAS ORCHID LLP" in a circular arrangement, with a small star at the bottom right.

Villas Orchid LLP

| Particulars | CGST (₹) | SGST (₹) | Interest (₹) | Penalty (₹) |
|--|-------------|-------------|-----------------|----------------|
| Demand confirmed in Order-in-Appeal | 6,202 | 6,202 | — | 20,000 |
| Paid via DRC-03 ARN AD3608240062580 dated 16.08.2024 | 5,813 | 5,813 | — | — |
| Paid via DRC-03 ARN AD360625020498W dated 24.06.2025 | 389 | 389 | 14,684 | 20,000 |
| Total Paid | 6,202 | 6,202 | 14,684 | 20,000 |

6. This payment is also reflected in the departmental table annexed to the present notice, where it is acknowledged that tax, interest, and penalty were paid vide DRC-03s dated 16.08.2024 and 24.06.2025.
7. The Noticee submits that the penalty confirmed in the Order-in-Original and upheld in the Order-in-Appeal pertains to the entire confirmed demand collectively, not to each issue or discrepancy separately. An extract of Section 73(9) of the CGST Act,2017 is provided hereunder for ready reference.

“Section 73(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.”

8. On examination of Section 73(9) of the CGST Act,2017, it is evident that penalty is leviable on the entire tax due from such person against an order. The appellate authority, while upholding the order, clearly retained a single composite penalty of ₹20,000/- against the total proceedings under Section 73. In compliance, the Noticee has already paid ₹20,000/- (₹10,000 CGST + ₹10,000 SGST) through DRC-03 dated 24.06.2025 under the proper minor head “penalty.” Therefore, the present notice once again requiring payment of penalty is misconceived and bad in law, as the liability has already been fully discharged.
9. In view of the above submissions, it is most respectfully prayed that:
 - i. The department may kindly take cognizance of the DRC-03 payments already made towards penalty.
 - ii. The present notice dated 30.10.2025 may be treated as infructuous and closed in view of full compliance.
 - iii. No further recovery action may be initiated, since there is no outstanding liability under the said Order-in-Appeal.

Yours faithfully,

For M/s Villa Orchids LLP



*Recd 10/11/2025
Suptt
Pangalpet*
अधीक्षक/Superintendent
रामगोपालपेट-IV रेज
RAMGOPALPET-IV RANGE



OFFICE OF THE SUPERINTENDENT OF CENTRAL TAX :

RAMGOPALPET-III RANGE

“सलीक सीणेट”, गेट नं:416-4-2& 417, रामगोपालपेट, एम. जी. रोड
सिंकंदराबाद 500003

‘SALIKE SENATE’, Door No.2-4-416 & 417,
RAMGOPALPET, MG ROAD, SECUNDERABAD – 500003

Mail: cgst.rgpetrg4@gov.in Contact: 8331911909

O.C. No.: 84/2025

Date: 30.10.2025

DIN: 20251056Y00000555B03

To

M/s Villa Orchids LLP,
GSTIN: 36AANFG4817C1ZH,
2nd Floor, 5-4-187/3 And 4,
Soham Mansion, M.G Road,
Secunderabad-500003.

Gentlemen,

Sub: GST- Pending dues in respect of demand confirmed – Request for discharge of liability – Regarding.

Please refer to this office letter O.C.No.81/2025 dt 14.10.2025 on the above subject and your reply dated 24.10.2025.

2. The appeal, if any, filed against OIA No. Hyd-ST-SC-AP2-14-15-2025-26 dt 29.4.2025, may please be informed to this office.

3. Further, the details of demand confirmed/modified vide OIA No. Hyd-GST-SC-AP2-1060-2024-25 dt 25.3.2025, are furnished hereunder:

| Details of OIO/OIA | Issue | TAX | | | INTEREST | | | PENALTY | | | Remarks | |
|---|---------------------------------|---|-------|--------|------------------------------|------------------------------------|-------|------------------------------------|--|-----------------------|-----------------------------|--|
| | | CGST | SGST | TOTAL | CGST | SGST | TOTAL | CGST | SGST | TOTAL | | |
| Demand confirmed vide OIO 24/2025 dt 19.4.2024. | Under declaration of output tax | 51928 | 51928 | 103856 | Interest u/s 50 of CGST Act. | | | Penalty u/s 73(9) of CGST Act 2017 | | | Appeal filed against demand | |
| | In-eligible ITC | 6202 | 6202 | 12404 | | | | | | | | |
| Demand allowed/modified vide OIA No.Hyd-GST-SC-AP2-1060-2024-25 dt.25.03.2025 | Under declaration of output tax | tax & interest paid vide DRC 03 dt 31.12.2020 is appropriated | | | | | 10000 | 10000 | 20000 | Penalty not yet paid. | | |
| | In-eligible ITC | 6202 | 6202 | 12404 | Interest u/s 50 of CGST Act. | Penalty u/s 73(9) of CGST Act 2017 | | | Paid tax + interest + Penalty vide DRC-03s dt 16.8.2024& 24.06.2025. | | | |

In view of the above, the Penalty against output tax is still pending for payment. Therefore, it is requested to pay the Penalty, to avoid further recovery proceedings as per the statutory provisions.

✓/DESPATCH
DATE/
दिनांक/DATE

Yours sincerely

(NVVN Sulochana Devi)
Superintendent
Ramgopalpet-IV Range